

AMENDATORY SECTION:

WAC 230-08-010 Monthly records. Every person or organization licensed to operate any gambling activity shall maintain permanent monthly records of all financial transactions directly or indirectly related to gambling activities. Each record shall include, but not necessarily be limited to, all details of the following:

Compliance with other rules.

(1) All financial transactions completed by the licensee (~~and~~) must contain enough detail to determine compliance with the requirements of WAC 230-04-024, 230-04-080, ~~and~~ 230-08-122, and 230-40-821;

Activities to be recorded separately and within thirty days - exception.

(2) Each licensed activity shall be recorded separately and include all transactions occurring during a calendar month. These records shall be complete in every detail and available for audit or inspection by agents of the commission or other law enforcement personnel no later than thirty days following the end of each month: Provided, That businesses licensed to operate punch boards and pull-tabs as commercial stimulants shall complete monthly records no later than fifteen days following the end of each month and such shall be available for audit or inspection the next day;

Records required for all licensees.

- (3) The gross gambling receipts from the conduct of each of the activities licensed;
- (4) Full details on all expenses related to each of the activities licensed;
- (5) The total cost of all prizes paid out for each of the activities licensed;

Charitable and nonprofit records.

(6) With respect to those organizations licensed as qualified bona fide charitable or nonprofit organizations, except agricultural fairs, records shall clearly show in detail how the proceeds from each licensed activity obtained by the licensee were used or disbursed by that licensee. These records shall provide an audit trail satisfactory to allow verification that the funds were used for the organization's purpose(s). These records will include, but not be limited to, canceled checks for the subject disbursements;

Commercial stimulant records.

- (7) With respect to commercial stimulant licensees, records shall include at least the following details:
- (a) Gross sales of food and drink for consumption on their licensed premises;
 - (b) Gross sales of food and drink for consumption off the licensed premises; and
 - (c) Gross sales from all other business activities occurring on the licensed premises.

Punch board and pull-tab games removed from play.

(8) In addition to any other requirement set forth in these rules, licensees for the operation of punch boards and pull-tabs shall be required to prepare a detailed monthly record for punch boards and pull-tab series removed from play during that month. This detailed monthly record shall be recorded in a standard format prescribed by the commission: Provided, That punch board and pull-tab monthly records may be stored in computer data bases if:

(a) Computer data base records are not the primary storage medium and all original input control documents supporting data maintained in computer data bases are retained by the licensee;

(b) A "hard copy" report organizing the data maintained in the computer data base is generated for each month. This report must be completed and available for review no later than thirty days following the end of the month;

(c) An up-to-date "hard copy" report is provided within three days upon request of commission agents, law enforcement personnel, or local tax authorities;

(d) Reports generated from the computer data base provide all data required by subsection (9) of this section; and

(e) Reports generated from the computer data base organize the required data in an order that approximates the standard format and does not impede audit.

Disclosing punch board/pull-tab information.

(9) Monthly records for punch boards and pull-tabs shall disclose for each punch board and pull-tab series the following information:

(a) The name of the punch board or pull-tab series;

(b) The Washington state identification and inspection services stamp number recorded by attaching a records entry label: Provided, That in lieu of the records entry label, licensees may use a facsimile of the bar coded Washington state identification and inspection services stamp number which is generated by a printer interfaced with a computer data base, if the following standards and procedures are followed:

(i) The Washington state identification and inspection services stamp number must be electronically input into the data base by scanning the stamp with a bar code reader;

(ii) Records must be printed on white paper. Facsimiles of the bar coded Washington state identification and inspection stamp numbers must be at least one-quarter inch in height with a "quiet zone" on at least one-quarter inch of each side of the bar code;

(iii) Bar code facsimiles must be code "interleaved two of five" (USS-12/5) with a readability rate of at least 99.0% with a maximum of three passes with commission bar code reading equipment. Each licensee will be responsible for the accuracy of printouts and ensuring that bar codes are electronically readable. It is recommended that specifications of a printer be reviewed for capability to meet minimum standards prior to purchase or lease and that the printer be equipped with a serviceable ribbon.

(c) The date removed from play;

(d) The total number of tabs in each pull-tab series or the total number of punches in each punch board;

(e) The number of pull-tabs or punches remaining after removal from play;

- (f) The number of pull-tabs or punches played from the pull-tab series or punch board;
- (g) The cost to the players to purchase one pull-tab or one punch;
- (h) The gross gambling receipts as defined in WAC 230-02-110;
- (i) The total prizes paid, including both cash and merchandise (calculated by the cost to the licensee) prizes;
- (j) The net gambling receipts (gross gambling receipts less total prizes paid);
- (k) The cash over or short determined by:
 - (i) Subtracting actual cash from net gambling receipts for punch boards and pull-tabs which award cash prizes; and
 - (ii) Subtracting actual cash from gross gambling receipts for punch boards and pull-tabs which award merchandise prizes.
- (l) The actual cash received from the operation of each pull-tab series or punch board: Provided, That when more than one series of pull-tabs is sold from a single dispensing device and the dispensing device is equipped with recording devices or meters which provide an accounting of the number of tabs dispensed from each individual series, the actual cash received may be computed by use of the meter readings. If this method is used to account for actual cash, all series in each dispensing device shall be played out at least once each calendar quarter and the combined cash over or short calculated for all series played from each dispensing device during the period by reconciling the total cash removed from the dispensing device to the total tabs sold from that dispensing device. The combined cash over or short shall be recorded as required by (k) of this subsection;
- (m) With written commission approval, licensees operating pull-tabs to stimulate food and drink sales may record (k) and (l) of this subsection in total on a daily, weekly, or monthly basis, if their recordkeeping procedures meet commission standards.

Supporting documents.

- (10) Copies of all additional financial data which support tax reports to any and all governmental agencies; and

Records to be maintained for three years.

- (11) Each of these records shall be maintained by the licensee for a period of not less than three years from the end of the fiscal year for which the record is kept unless released by the commission from this requirement as to any particular record or records.

AMENDATORY SECTION:

WAC 230-40-040 Fees for house-banked card games -- Prohibited -- Exception. No person shall be charged a fee, directly or indirectly, to participate in house-banked card games: Provided, That a licensee may collect a commission of not more than five percent from a winning hand ((of pai gow poker)).

REPEALED SECTION:

July and August Agenda Version

~~((WAC 230-40-803 Phase II wager limits -- Restrictions -- Procedures. A house-banked card room licensee shall not increase wager limits to Phase II levels prior to operating for a minimum of six months and demonstrating that it is capable of operating at higher wager limits and receiving commission approval. The following procedures and restrictions apply to the Phase II approval process:~~

~~Review procedures.~~

- ~~(1) Requests for an increase in wagering limits shall be processed in the following manner:~~
- ~~(a) The licensee shall submit a written request for review, including a deposit of five thousand dollars to pay for the review;~~
- ~~(b) Commission staff shall review the licensee's entire house-banked card game operation. Such review shall include an evaluation of:~~
- ~~(i) The licensee's written internal accounting and administrative controls to ensure they are not materially different from those submitted and approved and that the licensee is following such in every material aspect;~~
- ~~(ii) Whether the licensee is operating house-banked card games in accordance with applicable WAC rules; and~~
- ~~(c) A summary of commission staff's findings shall be presented to the director.~~

~~Approval process.~~

- ~~(2) Upon the completion of commission staff's review, the director shall either forward the licensee's request to the commission with a recommendation for approval or decline to forward it as provided in subsection (3) of this section. If the director forwards the request to the commission, the director may authorize a licensee to increase Phase II wagering limits pending commission approval at the next scheduled meeting;~~
- ~~(3) The director may decline to forward a licensee's request for Phase II wagering limits to the commission if:~~
- ~~(a) There have been substantial or repetitive administrative actions in the past six months or there is an ongoing investigation for substantial or repetitive violations; or~~
- ~~(b) The commission staff's review reveals the licensee has failed to follow WAC rules or its approved internal control procedures and such failures are substantial or deemed substantial due to repetition; or~~
- ~~(c) The licensee has failed to pay any gambling taxes due to counties, cities, or towns. For purposes of this section, gambling taxes include those taxes owed as of the most recent reporting period (month or quarter), as provided in the jurisdiction's ordinance, plus any interest and/or penalties that may be due; and~~
- ~~(d) Actions to correct any deficiencies have not been completed and commission staff afforded adequate time to conduct a follow-up review.~~
- ~~(4) If the director fails to forward a licensee's request within sixty days following completion of commission staff's review and has not commenced administrative actions, a licensee shall be afforded an opportunity to a commission review of the request. The commission may:~~
- ~~(a) Grant the licensee Phase II wager limit approval;~~
- ~~(b) Grant the licensee conditional Phase II approval; or~~
- ~~(c) Refer the request back to commission staff for further investigation.~~

~~Sale of a business operating under Phase II.~~

- ~~(5) When a house-banked card room authorized to operate at Phase II levels is sold or otherwise transferred, the director may authorize the new licensee to remain at Phase II levels if the new licensee~~

~~demonstrates that the gambling operation and internal controls will remain substantially unchanged. Staff may review the operation to determine compliance at the director's request. The licensee shall be responsible for all costs of the review.))~~

AMENDATORY SECTION:

WAC 230-40-821 General accounting records -- House-banking. Every licensee authorized to offer house-banked card games shall keep and maintain a complete set of records, which have been approved by commission staff. Such records shall include all details of activities related to the conduct of the licensed activity. The following requirements shall apply:

Revenue and expenses.

(1) Each licensee shall maintain legible, accurate and complete records of all transactions relating to the revenues and costs of the gaming operation. These records shall be maintained in a format to ensure consistency, comparability, and effective disclosure of financial information.

General accounting records.

(2) General accounting records shall be maintained on a double entry system of accounting with transactions recorded on an accrual basis, to include detailed, supporting, subsidiary records, sufficient to meet the requirements below.

Recordkeeping.

(3) The detailed, supporting and subsidiary records shall include, but not necessarily be limited to:

- (a) Records of all patrons' checks initially accepted, deposited, and returned as "uncollected," and ultimately written off as "uncollectible";
- (b) Statistical game records to reflect drop and win amounts for each table, for each game, and for at least each period for which the drop boxes are removed, which shall be at the minimum, the end of each gaming day;
- (c) Records of investments in property, including, but not limited to, equipment used directly in connection with the gaming operation;
- (d) Records of amounts payable by the gaming operation;
- (e) Records which identify the purchase, receipt, and destruction of all cards and gaming chips used in wagering; and
- (f) Records of services provided for the operation of gaming activities.

Copies.

(4) Whenever duplicate or triplicate copies are required of a form, record or document:

- (a) The original, duplicate, and triplicate copies shall be color-coded;
- (b) If under these standards, forms, records, and documents are required to be inserted in a locked dispenser, the last copy shall remain in a continuous unbroken form in the dispenser; and
- (c) If under these standards, forms or serial numbers of forms are required to be

accounted for or copies of forms are required to be compared for agreement and exceptions noted, such exceptions shall be reported immediately to the commission for investigation.

Storing documents.

(5) All forms, records, documents and stored data required to be prepared, maintained and controlled shall:

(a) Have the title of the form, record, document, or stored data (such as "fill slip," "request for fill," "credit slip," "request for credit," "reconciliation," etc.), imprinted or preprinted thereon or therein; and

(b) ~~((Be located at the licensed premises for three years: Provided, That the director or the director's designee may waive parts of this section if requested by the licensee.))~~ All records shall be maintained for a period of not less than three years. At least the past six months of records must be available for inspection on premises.

Employee records.

(6) Licensees shall maintain a records system that ensures all applicable employees have met licensing requirements. The system shall be maintained on the premises and include the following:

- (a) Employee names;
- (b) Gambling license numbers;
- (c) Gambling license expiration dates; and
- (d) Photocopies of all current employees' licenses.

Record of employees who have not yet received a license.

(7) If an employee license has not yet been issued, the licensee shall maintain a copy of the following:

- (a) Temporary employment authorization;
- (b) Documentation that the required payment (license or transfer fee) has been made; and
- (c) Proof that the employee has adhered to the ten-day waiting period, if applicable.

Notification - new license not received.

(8) The licensed card room operator shall ensure commission staff is notified if an employee license has not been received within sixty days of employment.